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Santos H. Kreimann
Director

Kerry Silverstrom
Chief Deputy

Gary Jones
Deputy Director

November 13, 2012

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

23 November 13, 2012

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Supervisors:

**DEPARTMENT OF BEACHES AND HARBORS
APPROVAL OF AMENDMENT TO OPTION AGREEMENT REGARDING LEASEHOLD
INTEREST-- MARINA DEL REY HOTEL AND ANCHORAGE
(PARCELS 42 and 43 AT 13534 BALI WAY) –
MARINA DEL REY
(4th DISTRICT)
(4 VOTES)**

SUBJECT

Request for approval of Amendment of Option Agreement Regarding Leasehold Interest for Parcels 42 and 43 extending for up to a maximum of 24 months the period for IWF MDR Hotel, L.L.P. to obtain the remaining regulatory approvals and satisfy the other conditions to the exercise of each of the options regarding the proposed redevelopment of each of the hotel and marina components of the project.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that your Board has previously considered and certified the Mitigated Negative Declaration relating to the proposed renovation of the existing Marina del Rey Hotel and anchorage, grant of separate options for a 39-year lease extension of each of the hotel and marina components of the existing leasehold on Parcels 42 and 43, and amended and restated leases to facilitate the renovation of the existing hotel and the replacement of the current marina and adopted the related Mitigation Monitoring Programs for these projects.
2. Approve and authorize the Chairman of the Board to sign the Amendment of Option Agreement Regarding Leasehold Interest in substantially the form attached as Exhibit A, granting to the current lessee, an extension for up to 24 months from November 17, 2012 to obtain the remaining regulatory approvals

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and satisfy the other conditions to the exercise of each of the options for the proposed project.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On May 17, 2011, your Board granted IWF MDR Hotel, L.L.P. ("Lessee") separate options ("Options") to extend the term of the existing leasehold interests for the hotel and marina components of the project for an additional 39 years to facilitate the redevelopment of Parcels 42 and 43. Exercise of each Option is contingent upon Lessee's receipt of entitlements and fulfillment of other conditions required therein.

A bifurcation of the hotel and marina leaseholds would proceed upon exercise of the Option for the hotel leasehold. Upon exercise of the Option for the marina leasehold, the marina leased premises would be expanded to include additional water area located to the west of the current project. Upon exercise of the Option for the hotel leasehold, the marina leasehold and marina extension Option would be assignable to Pacific Marina Development, Inc., or another acceptable marina operator approved by the County.

Upon exercise of the hotel Option, Lessee will be required to: completely renovate the existing 154-room hotel on Parcel 42 to include: a) room interiors (including bathrooms, windows, and doors); b) building façades; c) interior and exterior common areas including a public promenade; d) landscaping and hardscape; and e) the replacement of all building systems (HVAC, electrical, plumbing, and elevators, etc.) in accordance with a renovation plan to be attached to a new amended and restated lease for the hotel leasehold.

Upon exercise of the marina Option, the Lessee (or assignee) will be required to completely replace the existing 349-slip and 16 end-tie marina with no fewer than 277 new slips, 13 end-ties, and one side-tie in a configuration and design according to current marina standards and as approved by the Department of Beaches and Harbors ("Department") Director, in accordance with a redevelopment plan to be attached to a new restated lease for the marina leasehold. Parking and boater amenities (dockmaster's office, restrooms, showers, and laundry facilities) for Parcel 43 are to be provided on the landside in accordance with terms of a reciprocal easement agreement and/or leasehold arrangements acceptable to County. The exercise of the marina extension Option would be contingent upon the prior or simultaneous exercise of the hotel extension Option.

Lessee has diligently pursued its entitlements and financing but, due to delays beyond its control, is not able to acquire the entitlements for this project and secure evidence of financing prior to the expiration of its existing Options. Among the major reasons for the delay have been: a) the complexity of securing approval plans due to the complexities of

splitting the uses of the hotel and marina portions of the sites between two defined leaseholds; and b) the acquisition of its intended lender by a new institutional lender, effectively stalling financing with the intended lender until the completion of the acquisition.

The Options under the original Option Agreement Regarding Leasehold Interest between County and Lessee expire on November 17, 2012. In consideration for the County approving the Amendment of Option Agreement Regarding Leasehold Interest ("Option Amendment") to extend each of the option periods for up to 24 months, Lessee has agreed to pay County a total amount not to exceed \$100,000, payable as follows: (1) \$20,000 for the first 6-month extension to May 17, 2013; (2) \$25,000 for an additional six-month extension; (3) \$25,000 for further additional six-month extension; and (4) \$30,000 for a final additional six-month period.

Our economic consultant has reviewed the consideration being paid for the extension of the date by which the Option must be exercised and has found that the County is receiving fair value for the amount of time that it is granting to extend the date to implement the transaction as previously negotiated.

Implementation of Strategic Plan Goals

The County Strategic Plan directs that we maximize the effectiveness of the County's processes, structure, and operations to support timely delivery of customer-oriented and efficient public services. The recommended action will allow the Lessee to continue its effort towards the proactive redevelopment of the parcel, which will help the County achieve fiscal sustainability (Strategic Plan Goal No. 1, Strategy No.1).

FISCAL IMPACT/FINANCING

Operating Budget Impact

Upon your Board's approval and the Chairman's execution of the Option Amendment, the Department's operating budget will receive a one-time \$20,000 payment. The payment was not included in the Department's 2012-13 budget; therefore, it will be accounted for as over-realized revenue.

Costs of consultants and primary County staff involved in the negotiation and development of the Options, Option Amendment, and Amended and Restated Leases are being reimbursed by the Lessee.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Honorable Board of Supervisors
November 13, 2012
Page 4

Without exercise of the Options, the term of the lease for Parcels 42/43 will expire February 28, 2061.

Approval of the extension of the Options is without prejudice to the County's full exercise of its regulatory authority in the consideration of the land use entitlements required for the possible exercise of the Options.

Amendment and extension of the existing lease are authorized by Government Code Sections 25907 and 25536. The extended lease term is in conformance with the maximum 99-year period authorized by California law.

County Counsel has approved the Option Amendment as to form.

ENVIRONMENTAL DOCUMENTATION

On April 26, 2011, your Board considered and certified the Mitigated Negative Declaration relating to the proposed lease extension, bifurcation, and development on Parcels 42 and 43 and adopted the related Environmental Findings of Fact and Statement of Overriding Considerations, and the Mitigation Monitoring Programs for these projects.


IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on other current services or projects.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors send two copies of the executed Option Amendment and an adopt-stamped Board letter to the Department of Beaches and Harbors.

Respectfully submitted,


for Santos H. Kreimann
Director

SK:GJ:mk

Attachment

The Honorable Board of Supervisors
November 13, 2012
Page 5

c: Chief Executive Officer
Executive Officer, Board of Supervisors
County Counsel

**AMENDMENT OF OPTION AGREEMENT
REGARDING LEASEHOLD INTEREST
(Parcels 42 and 43)**

THIS AMENDMENT OF OPTION AGREEMENT REGARDING LEASEHOLD INTEREST ("**Amendment**") is dated as of November 13, 2012, between COUNTY OF LOS ANGELES ("**County**"), and IWF MDR HOTEL, L.P., a California limited partnership ("**Lessee**").

RECITALS

A. County and Lessee entered into that certain Option Agreement Regarding Leasehold Interest dated as of May 17, 2011 (the "**Option Agreement**"), whereby County granted Lessee two separate options (referenced in the Option Agreement as the "**Parcel 42 Option**" and the "**Parcel 43 Option**" and collectively as the "**Options**").

B. Pursuant to the terms and provisions of the first paragraph of Section 3.1 of the Option Agreement, the Parcel 42 Option Outside Expiration Date for the exercise by Lessee of the Parcel 42 Option was originally May 17, 2012, and pursuant to the second paragraph of Section 3.1 of the Option Agreement Director has subsequently extended such date to November 17, 2012.

C. Pursuant to the terms and provisions of the first paragraph of Section 3.2 of the Option Agreement, the Parcel 43 Option Outside Expiration Date for the exercise by Lessee of the Parcel 43 Option was originally six (6) months after November 3, 2011, the date that the California Coastal Commission approved the Master CDP Application that included the Coastal Development Permit requirements for the Parcel 43 Redevelopment Work. The Parcel 43 Option Outside Expiration Date was effectively extended with the extension of the Parcel 42 Option Outside Expiration Date referenced above because the Option Agreement provides that in no event does the Parcel 43 Option Term expire prior to the expiration of the Parcel 42 Option Term.

D. County and Lessee desire to amend the Option Agreement to extend the Parcel 42 Option Outside Expiration Date and the Parcel 43 Option Outside Expiration Date, and to make certain other modifications to the Option Agreement, all in accordance with the terms and provisions set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Lessee and County hereby agree as follows:

1. Capitalized Terms. All capitalized terms used in this Amendment but not otherwise defined herein shall have the same meanings given such terms in the Option Agreement.

2. Extension of Parcel 42 Option Outside Expiration Date. Section 3.1 of the Option Agreement is hereby amended in its entirety to read in full as follows:

“3.1 Parcel 42 Option Term. The term of the Parcel 42 Option (the “**Parcel 42 Option Term**”) shall commence on the date of this Agreement and expire on that date (the “**Parcel 42 Option Expiration Date**”) that is the earlier of (a) sixty (60) days following the Parcel 42 Option Conditions Satisfaction Date, or (b) the Parcel 42 Option Outside Expiration Date. For purposes hereof, the “**Parcel 42 Option Conditions Satisfaction Date**” shall mean the first date upon which all of the Parcel 42 Option Conditions set forth in Section 4.1 below have been satisfied.

In the case of the non-satisfaction of the Parcel 42 Entitlements Condition, if Lessee’s inability to satisfy the Parcel 42 Entitlements Condition is caused by (I) a moratorium, temporary restraining order, injunction or other court order which prohibits the issuance of the Parcel 42 Entitlements for the Renovation Work and all other similar projects in Marina del Rey on land leased from the County, or (II) after the issuance of the Parcel 42 Entitlements, the continued pendency of an appeal, proceeding or litigation (including all appeals of such litigation) brought by a third party unaffiliated with Lessee or the existing or prospective Parcel 43 Lessee that contests the issuance of the Parcel 42 Entitlements, then as long as there is not a Lessee Default under this Agreement and Lessee is not in material breach or default of the Existing Lease (after notice and the expiration of any applicable cure period under the Existing Lease), the Parcel 42 Option Outside Expiration Date shall be extended until sixty (60) days following the cessation of such moratorium, temporary restraining order, injunction or other court order, or the denial, dismissal or other resolution in favor of the issuance of the Parcel 42 Entitlements, of such appeal, proceeding or litigation that contested the issuance of the Parcel 42 Entitlements, as applicable; provided, however, that the Parcel 42 Option Outside Expiration Date shall in no event be extended pursuant to this paragraph beyond May 17, 2015.

The “**Parcel 42 Option Outside Expiration Date**” shall initially be November 17, 2012. Lessee shall have the right to extend the Parcel 42 Option Outside Expiration Date set forth in the immediately preceding sentence for up to the following four periods (each, an “**Option Extension**”) upon delivery by Lessee to County, not later than one (1) month prior to the Parcel 42 Option Outside Expiration Date that is then in effect prior to such Option Extension, of both written notice by Lessee to County of the exercise of such Option Extension and the payment by Lessee to County of the applicable “**Option Extension Fee**” set forth below for such Option Extension:

- (a) six (6) months upon payment of an Option Extension Fee of Twenty Thousand Dollars (\$20,000);

- (b) a second six (6) months upon payment of an additional Option Extension Fee of Twenty-Five Thousand Dollars (\$25,000);
- (c) a third six (6) months upon payment of an additional Option Extension Fee of Twenty-Five Thousand Dollars (\$25,000); and
- (d) a fourth six (6) months upon payment of an additional Option Extension Fee of Thirty Thousand Dollars (\$30,000).

The Option Extension Fees shall be non-refundable, and are in addition to the Parcel 42 Option Fee and Parcel 43 Option Fee paid by Lessee to County pursuant to Sections 6.1.1 and 6.2.1 of the Option Agreement. The Option Extension Fees shall not be applicable against the Parcel 42 Option Fee, the Parcel 43 Option Fee, the Parcel 42 Extension Fee or the Parcel 43 Extension Fee.

Notwithstanding the foregoing, Lessee shall have no right to extend the Parcel 42 Option Outside Expiration Date pursuant to this Section 3.1 at any time during which there is an uncured Lessee Default under this Agreement or an uncured material breach or default by Lessee under the Existing Lease after notice and the expiration of any cure period applicable under the Existing Lease. Time is of the essence with respect to the exercise by Lessee of any right to extend the Parcel 42 Option Outside Expiration Date pursuant to this Section 3.1."

County and Lessee hereby acknowledge and agree that the execution and delivery of this Amendment and the concurrent payment by Lessee of the first \$20,000 Option Extension Fee set forth above constitutes Lessee's timely exercise of the first Option Extension to extend the Parcel 42 Option Outside Expiration Date to May 17, 2013.

3. Extension of Parcel 43 Option Outside Expiration Date. Section 3.2 of the Option Agreement is hereby amended in its entirety to read in full as follows:

"3.2 Parcel 43 Option Term. The term of the Parcel 43 Option (the "**Parcel 43 Option Term**") shall commence on the date of this Agreement and expire on that date (the "**Parcel 43 Option Expiration Date**") that is the earlier of (a) sixty (60) days following the Parcel 43 Option Conditions Satisfaction Date, or (b) the Parcel 43 Option Outside Expiration Date (as defined below). For purposes hereof, the "**Parcel 43 Option Conditions Satisfaction Date**" shall mean the first date upon which all of the Parcel 43 Option Conditions set forth in Section 4.2 of

this Agreement have been satisfied. Notwithstanding any contrary provision of this Agreement, the Parcel 43 Option Expiration Date shall not be prior to the date of the earlier of the exercise of the Parcel 42 Option or the expiration of the Parcel 42 Option Term. For purposes of clarification, while the Parcel 43 Option Expiration Date shall in no event be prior the date of the earlier of the exercise of the Parcel 42 Option or the expiration of the Parcel 42 Option Term, no extension of the Parcel 43 Option Term shall have any effect upon the Parcel 42 Option Term.

The “**Parcel 43 Option Outside Expiration Date**” shall initially be November 17, 2012. Any exercise by Lessee of an Option Extension pursuant to Section 3.1 of this Agreement shall automatically extend the Parcel 43 Option Outside Expiration Date by the duration of such Option Extension. If the Parcel 43 Option is not exercised concurrently with the exercise of the Parcel 42 Option and prior to the exercise of the Parcel 42 Option Lessee did not exercise all four of the Option Extensions set forth in Section 3.1 of this Agreement, then Lessee shall retain the right to thereafter to utilize any remaining unexercised Option Extensions for the purpose of extending the Parcel 43 Option Outside Expiration Date. Lessee shall have the right to exercise such remaining unexercised Option Extensions for such purpose on the same terms and conditions as set forth in Section 3.1, except that for such purpose all references in Section 3.1 to “Parcel 42” shall mean and refer to “Parcel 43.” During the period between the exercise of the Parcel 42 Option and the Parcel 42 Option Closing, any such exercise of a remaining unexercised Option Extension for the benefit of the Parcel 43 Option shall be pursuant to this paragraph. After the Parcel 42 Option Closing, any such exercise of a remaining unexercised Option Extension for the benefit of the Parcel 43 Option shall be pursuant to the Option Agreement (Parcel 43).

In the case of the non-satisfaction of the Parcel 43 Entitlements Condition, if Lessee’s inability to satisfy the Parcel 43 Entitlements Condition is caused by (i) a moratorium, temporary restraining order, injunction or other court order which prohibits the issuance of the Parcel 43 Entitlements for the Parcel 43 Redevelopment Work and all other similar marina replacement projects in Marina del Rey on water area leased from the County, or (ii) after the issuance of the Parcel 43 Entitlements, the continued pendency of an appeal, proceeding or litigation (including all appeals of such litigation) brought by a third party unaffiliated with Lessee or the Parcel 42 Lessee that contests the issuance of the Parcel 43 Entitlements, then as long as there is not a Lessee Default under this Agreement and Lessee is not in material breach or default of the Existing Lease (after notice and the expiration of any applicable cure period under the Existing Lease), the Parcel 43 Option Outside Expiration Date shall be extended until sixty (60) days following the cessation of such moratorium, temporary restraining order, injunction or other court

order, or the denial, dismissal or other resolution in favor of the issuance of the Parcel 43 Entitlements, of such appeal, proceeding or litigation that contested the issuance of the Parcel 43 Entitlements, as applicable; provided, however, that the Parcel 43 Option Outside Expiration Date shall in no event be extended pursuant to this paragraph beyond May 17, 2015.”

Consistent with the foregoing, County and Lessee hereby acknowledge and agree that the execution and delivery of this Amendment and the concurrent payment by Lessee of the first \$20,000 Option Extension Fee for the extension of the Parcel 42 Option Outside Expiration Date also extends the Parcel 43 Option Outside Expiration Date to May 17, 2013.

4. Option Conditions. The last paragraph of Section 4.1 and the last paragraph of Section 4.2 of the Option Agreement are hereby deleted.

5. Modifications to Exhibit H. The following modifications are hereby made to the form of Option Agreement (Parcel 43) attached as Exhibit H to the Option Agreement:

5.1 Modification of Section 3 of Exhibit H. Section 3 of Exhibit H attached to the Option Agreement is hereby modified in its entirety to read in full as follows:

“3. Term of Option. The term of the Option under this Agreement (the “**Option Term**”) shall commence on the date of this Agreement and expire on that date (the “**Option Expiration Date**”) that is the earlier of (a) sixty (60) days following the Option Conditions Satisfaction Date, or (b) the Option Outside Expiration Date (as defined below). For purposes hereof, the “**Option Conditions Satisfaction Date**” shall mean the first date upon which all of the Option Conditions set forth in Section 4 of this Agreement have been satisfied.

The “**Option Outside Expiration Date**” shall initially be May 17, 2013 [DRAFTING NOTE: IF PRIOR TO THE PARCEL 42 OPTION CLOSING LESSEE EXERCISED ANY OF THE REMAINING THREE OPTION EXTENSIONS, THEN THE ABOVE DATE SHALL BE ADJUSTED TO REFLECT THE THEN EFFECTIVE PARCEL 43 OPTION OUTSIDE EXPIRATION DATE AS PREVIOUSLY EXTENDED UNDER THE BASE OPTION AGREEMENT. IF AS OF THE DATE OF THE PARCEL 42 OPTION CLOSING ANY REMAINING UNEXERCISED OPTION EXTENSIONS EXIST UNDER THE BASE OPTION AGREEMENT, THEN THE FOLLOWING LANGUAGE SHALL BE INSERTED INTO THIS AGREEMENT:] [Lessee shall have the

right to extend the Option Outside Expiration Date set forth in the immediately preceding sentence for up to the following ____ [INSERT NUMBER OF REMAINING UNEXERCISED OPTION EXTENSIONS] periods (each, an “**Option Extension**”) upon delivery by Lessee to County, not later than one (1) month prior to the Option Outside Expiration Date that is then in effect prior to such Option Extension, of both written notice by Lessee to County of the exercise of such Option Extension and the payment by Lessee to County of the applicable “**Option Extension Fee**” set forth below for such Option Extension: [INSERT ONLY THOSE OF THE REMAINING THREE OPTION EXTENSIONS SET FORTH BELOW THAT CONTINUE TO REMAIN UNEXERCISED AS OF THE PARCEL 42 OPTION CLOSING.]

- (a) an additional six (6) month extension upon payment of an additional Option Extension Fee of Twenty-Five Thousand Dollars (\$25,000);
- (b) an additional six (6) month extension upon payment of an additional Option Extension Fee of Twenty-Five Thousand Dollars (\$25,000); and
- (c) a final six (6) month extension upon payment of an additional Option Extension Fee of Thirty Thousand Dollars (\$30,000).

The Option Extension Fees shall be non-refundable, and are in addition to the Option Fee paid by Lessee to County pursuant to Section 6.2.1 of the Base Option Agreement. The Option Extension Fees shall not be applicable against such Option Fee or the Extension Fee referenced in Section 6.2 of this Agreement.

Notwithstanding the foregoing, Lessee shall have no right to extend the Option Outside Expiration Date pursuant to this Section 3 at any time during which there is an uncured Lessee Default under this Agreement or an uncured material breach or default by Lessee under the Existing Lease after notice and the expiration of any cure period applicable under the Existing Lease. Time is of the essence with respect to the exercise by Lessee of any right to extend the Option Outside Expiration Date pursuant to this Section 3.

In the case of the non-satisfaction of the Entitlements Condition, if Lessee’s inability to satisfy the Entitlements Condition is caused by (i) a moratorium, temporary restraining order, injunction or other court order which prohibits the issuance of the Entitlements for the Redevelopment Work and all other similar marina replacement

projects in Marina del Rey on water area leased from the County, or (ii) after the issuance of the Entitlements, the continued pendency of an appeal, proceeding or litigation (including all appeals of such litigation) brought by a third party unaffiliated with Lessee or the Parcel 42 Lessee that contests the issuance of the Entitlements, then as long as there is not a Lessee Default under this Agreement and Lessee is not in material breach or default of the Amended and Restated Parcel 43 Lease (Pre-Parcel 43 Option Exercise) (after notice and the expiration of any applicable cure period under the Amended and Restated Parcel 43 Lease (Pre-Parcel 43 Option Exercise)), the Option Outside Expiration Date shall be extended until sixty (60) days following the cessation of such moratorium, temporary restraining order, injunction or other court order, or the denial, dismissal or other resolution in favor of the issuance of the Entitlements, of such appeal, proceeding or litigation that contested the issuance of the Entitlements, as applicable; provided, however, that the Option Outside Expiration Date shall in no event be extended pursuant to this paragraph beyond May 17, 2015.”

5.2 Modification of Section 4 of Exhibit H. The last paragraph of Section 4 of Exhibit H attached to the Option Agreement is hereby deleted.

6. County Costs. Regardless of whether Lessee exercises the Options, Lessee shall promptly reimburse County for the Actual Costs (as defined in the forms of Amended and Restated Leases) incurred by County in connection with the review, negotiation, preparation, documentation and administration of this Amendment and the matters addressed herein.

7. Entire Agreement. This Amendment constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes any and all previous negotiations, communications or understandings between the parties, whether oral or written, with respect to the subject matter set forth herein.

8. No Other Modifications. County and Lessee acknowledge and agree that the Option Agreement is in full force and effect, unmodified except as set forth in this Amendment.

9. Counterparts. This Amendment may be executed in counterparts, each of which shall constitute an original and all of which shall collectively constitute one fully-executed document.

SIGNATURES ON FOLLOWING PAGE

IN WITNESS WHEREOF, County and Lessee have entered into this Amendment as of the date first set forth above.

COUNTY OF LOS ANGELES

By:

See Yarraslamy
Chairman, Board of Supervisors

IWF MDR HOTEL, L.P., a California
limited partnership

By: IWF MDR Hotel, LLC, a California
limited liability company, its general
partner

By: Invest West Financial, LLC, a
California limited liability
company, its sole member

By:

Name: *DALE J. MARQUIS*
Title: MANAGING MEMBER

ATTEST:

SACHI A. HAMAI,
Executive Officer of the Board of Supervisors

By:

Lachelle Smithman
Deputy



I hereby certify that pursuant to
Section 25103 of the Government Code,
delivery of this document has been made.

SACHI A. HAMAI
Executive Officer
Clerk of the Board of Supervisors

Lachelle Smithman
Deputy

APPROVED AS TO FORM:

JOHN F. KRATTLI,
County Counsel

By:

John F. Krattli
Deputy

APPROVED AS TO FORM:

MUNGER, TOLLES & OLSON LLP

By:

John F. Krattli

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

28

NOV 13 2012

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

LENDER CONSENT

The undersigned represents that it is the current beneficiary under that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated May 15, 2006, recorded in the Official Records of Los County, California on May 22, 2006 as Instrument No. 06-1115108 (the "**Deed of Trust**"). As such beneficiary the undersigned hereby consents to the Amendment to Option Agreement Regarding Leasehold Interest to which this Lender Consent is attached. This is not a consent by the undersigned to the Amended and Restated Leases, as such term is defined in the Option Agreement Regarding Leasehold Interest and is not intended to affect the rights of the undersigned under that certain Ground Lease Estoppel Certificate and Consent dated May 17, 2006 and recorded in the Official Records of Los Angeles County, California on May 22, 2006 as Instrument No. 06-1115109, executed by County and the undersigned, and acknowledged by Lessee, all of which rights remain in full force and effect, except that this Lender Consent constitutes the undersigned's consent to the Amendment to Option Agreement Regarding Leasehold Interest to which this Lender Consent is attached.

Santa Barbara Bank & Trust, a division of
Pacific Capital Bank, N.A., a national
association

By: *Cambell Parsons*
Name: *Cambell Parsons*
Its: *Vice President*